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25 YEAR RE-REVIEW

DATE BARESE SEVENSIONS NITE BLOC

 Prospect of Japan's resumption diplomatic relations with USER in mear future is adding strength to Japanese trend toward

"normalization" of relations with Communist China.

A. Foreign Minister Shigemitsu, while calling this strengthening trend the "most dangerous consequence" of Kono's recent Moscow fisheries agreement, considers "normalization" with Peiping only a "question of time".

- B. Long-unrecognized Soviet "mission" in Tokyo has now been accepted as "official" body by Japanese so far as fishing matters are concerned, and negotiations with USER on formal diplomatic relations are scheduled to resume by 31 July.
- II. Quasi-official postal agreement with Pelping already concluded

 and exchange of amofficial trade representatives is expected next step
 - A. Japanese, fearful of delay in building trade relations with Feiping, plan to exhibit "embargoed" goods at Chinese trade fairs, seek reduction of CHIECON controls and make increased use of "exceptions".
- III. Domestic political considerations also involved. Matoyama group, hoping to stay in saddle, is easer to make good on campaign promise to "acrease! relations with Bloc, hopes to increase domestic prestige through such diplomatic "triumphs".
 - A. Within ruling Liberal-Democratic Party, only work Yoshida group really opposes trend.
 - B. Fellowing Upper Nouse elections (possibly in July), Matoyama group plans cubinet reshuffle (including ouster of Shigenitan)

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